

## Message Text

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PAGE 01 BRASIL 02283 241246Z  
ACTION PM-04

INFO OCT-01 ARA-06 ISO-00 MC-02 L-03 EB-08 IGA-02  
AID-05 OMB-01 TRSE-00 /032 W  
-----242239Z 075622 /41

R 241245Z MAR 77  
FM AMEMBASSY BRASILIA  
TO SECSTATE WASHDC 0719  
INFO SECDEF WASHDC  
SECNAV WASHDC  
CNO WASHDC  
USCINCSO QUARRY HTS CZ  
CHRM USDEL JBUSMC RIO DE JANEIRO

C O N F I D E N T I A L BRASILIA 2283

E.O. 11652: GDS  
TAGS: MASS, BR  
SUBJECT: SHIPS/CRAFT ON LEASE TO BRAZILIAN NAVY

REF: A. 75 STATE 222561 (DTG 181624Z SEPT 75) B. 76 CNO  
242316Z SEPT 76 C. 76 BRASILIA 9338 (DTG 051930Z NOV 76)  
D. STATE 043294 E. 75 STATE A-6443

1. PURPOSE. PURPOSE OF THIS MESSAGE IS TO FORWARD THE REQUEST OF THE BRAZILIAN NAVY (BRAZNAV) TO PURCHASE FOUR USN SHIPS PRESENTLY LEASED, TO PROVIDE THE FORMULA UTILIZED IN THE RECENT MAP REVERSIONARY RIGHTS AGREEMENTS WITH THE NAVY AND ARMY, AND TO SEEK APPROVAL OF THAT FORMULA AS A BASIS FOR BRAZILIAN NAVY PURCHASES OF THE LEASED SHIPS/CRAFT.

2. BACKGROUND. REF A PROVIDES US POLICY ON USN SHIPS/CRAFT LEASED TO FOREIGN GOVERNMENTS. REF B OFFERED LIMITED LEASE EXTENSION. REF C ADVOCATED FULL TERM LEASE EXTENSION AS EXCEPTION TO POLICY. REF D PROVIDED POLICY RESOLUTION. INFORMATION IN REF D TRANSMITTED TO BRASNAV ON 7 MARCH 77.

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3. BRAZNAV MESSAGE TO THE US NAVAL MISSION ON MARCH 15, 1977 EXPRESSED INTEREST IN THE PURCHASE OF ARB 12, ARD14, YFN 903 AND LST 1174. UNOFFICIAL CHANNELS OF INFORMATION INDICATE THAT BRAZNAV WILL PURCHASE THE SHIPS/CRAFT IF THE OFFICIAL PRICE OFFER FALLS WITHIN THEIR BUDGET LIMITS. CONSIDERING THIS AS A REQUEST TO PURCHASE, THE NEXT STEP PER REF E IS FOR USG TO DETERMINE REASONABLE PURCHASE PRICES.

PRICE ESTIMATES WERE PROVIDED BY REF E AND UPDATED BY REF B.

4. ALTERNATE PRICES. METHODOLOGY FOR COMPUTATION OF SCRAP VALUE PRICES OF MAP MATERIAL DURING RECENT SALE OF REVERSIONARY RIGHTS PROVIDES VALID PRECEDENT FOR DEVELOPMENT OF SCRAP VALUE OF SHIPS/CRAFT INVOLVED. LISTED BELOW ARE SHIP/CRAFT, DISPLACEMENT, SCRAP VALUE FACTOR (SVF), RESULTING PRICE CALCULATED WITH ABOVE METHODOLOGY USING LOCAL SCRAP VALUE OF APPROX US \$73 PER SHORT TON.

SHIP/CRAFT	DISPL	SVF	PRICE
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AFDL 39	7500	.1	\$ 61K
ARB 12	2275	.75	\$ 139K
ARD 14	5200	.75	\$ 317K
YFN 903	160	1.00	\$ 13K
LST 1174	3560	.75	\$ 217K

NOTE 1: DISPLACEMENT (IN LONG TONS) FROM US NAVAL VESSEL REGISTER.

NOTE 2: SCRAP VALUE FACTOR REPRESENTS ESTIMATED FRACTION OF SHIP CONVERTIBLE INTO SCRAP. SVF FOR AFDL 39 IS LOW BECAUSE OF CONCRETE HULL CONSTRUCTION.

NOTE 3: BRAZNAV HAS NOT REQUESTED TO PURCHASE AFDL 39. HOWEVER, WE RECOMMEND MAKING FIRM PRICE OFFER.

NOTE 4: VALUE OF RESIDUAL EQUIPMENT REMAINING ON BOARD SHIP IS CONSIDERED INSIGNIFICANT EXCEPT FOR LST 1174.

5. WE RECOMMEND CH MILGP BE AUTHORIZED TO PROCEED WITH OFFER  
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TO BRAZILIAN NAVY AT THE SCRAP VALUES INDICATED IN PARA 4.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MILITARY EQUIPMENT, LEASES, MILITARY SALES  
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**Copy:** SINGLE  
**Sent Date:** 24-Mar-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977BRASIL02283  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Page Count:** 2  
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**Reference:** 75 STATE 222561  
**Retention:** 0  
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**Status:** NATIVE  
**Subject:** SHIPS/CRAFT ON LEASE TO BRAZILIAN NAVY  
**TAGS:** MASS, BR, US  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009